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SUBJECT: OPPOSITION LEADER LIVNI TALKS PEACE PROCESS, IRAN
WITH CODEL GILLIBRAND

Classified By: Deputy Chief of Mission Luis G. Moreno for reasons 1.4 (b) and (d)

¶1. (C) Summary. Sen. Gillibrand met on September 3 with Kadima Chairman and Knesset opposition leader Tzipi Livni. Livni told Gillibrand that Israel must reach a two-state solution with the Palestinians that represents an end to the conflict and does not include a right of return for Palestinian refugees. Ending the conflict is a common U.S.-Israeli interest, and Israel should work with the U.S. approach. She said that stagnation must be avoided and that the U.S. could prod each side closer to agreement. Livni said that Israel's approach should be to work with Palestinian moderates and oppose extremists. HAMAS has control of the Gaza Strip but has no interest in peace. She added that a recent poll showing support for HAMAS among Gazans had declined provided some hope that Israel's policy of isolating HAMAS could work over time. Livni then discussed the broader battle between moderates and extremists in the region, suggesting ways to counter extremists. She expressed concern that Gulf states could choose to appease Iran if it were clear that the West would not prevent Iran from becoming a regional power. She also suggested Qs to encourage greater cooperation on Iran from China and Russia. Finally, Livni discussed Syria and Lebanon, noting that the former was playing a negative role in the region, while the latter was an example of a rising trend of eroding state authority. End Summary.

¶2. (SBU) Sen. Gillibrand was accompanied by her advisor, Elana Broitman, U.S. Army Senate Liaison Officer Maj. Jen McDonough, PolCouns, and PolOff. Present on the Israeli side were Livni, political advisor Gil Messing, and Yaron Sidemen of the Ministry of Foreign Affairs.

PEACE PROCESS VISION

¶3. (C) Livni stressed repeatedly to Gillibrand that a two-state solution was good for the Palestinians and the U.S., but that it was also good for Israeli national interests. The U.S. and Israel should have a joint work plan to advance peace. She emphasized, however, that a peace agreement with the Palestinians should not include a right of return for refugees, and that it must address all issues so that it is clear it represents an end to the conflict. When asked if she felt that things were moving in the right direction, Livni responded that she does not see any movement and cautioned against conducting negotiations for the sake of negotiating. "There are difficult decisions to be made, but everyone must understand that the price we will pay for stagnation is worse." In response to Senator Gillibrand's question whether she felt she had done the right thing by staying out of Netanyahu's government, Livni said she did not see a determination by the GOI to do what is needed to reach an agreement with the Palestinians. Defining the borders of Israel and Palestine would resolve the dispute over settlements. Livni said she represents the Israeli public's

desire for peace.

14. (C) Gillibrand asked what the U.S. could do to help negotiations advance. Livni replied that she believes in bilateral negotiations and decisions by the Israeli and Palestinian leaderships. But when the leaders cannot make a deal, the U.S. will need to bridge the gaps. The U.S. role is crucial. The U.S. needs to help establish the parameters for the negotiations, including defining the borders with consideration for the settlement blocs, and addressing the security issues that Israel has raised. The formula must be "two states for two peoples." While Israelis can live comfortably with quiet, stagnation will breed frustration and violence on the Palestinian side.

15. (C) Livni explained that Israel needs a Palestinian leadership committed to peace that is strong enough to deliver on its vision. She lamented, however, that the moderate forces of PA President Abbas and Prime Minister Salaam Fayyad are committed but not able to deliver, while HAMAS was able to deliver, but only on its vision of violent "resistance." Gillibrand asked Livni how HAMAS's rule over Gaza factored into the peace process. Livni responded that Israel must conduct negotiations with moderate Palestinian forces while it continues to try to delegitimize HAMAS. If an agreement with the moderate leadership can be reached, it will initially only be a piece of paper. There must be parameters to set the borders and address Israel's security needs, including Palestinian acceptance of the end of conflict. Gillibrand asked if the policy of isolating and delegitimizing HAMAS influenced Palestinians in Gaza. Livni

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cited a new poll showing a decline in support for HAMAS and said this represented the first evidence that the policy could work, though she assessed it would be a long time before the leadership of Gaza changes.

THE BATTLE BETWEEN MODERATES AND EXTREMISTS

16. (C) Livni said one of Israel's greatest challenges was finding a way to strengthen moderate forces in the region and to counter the extremists. She explained that Iran, Hamas, and Hizballah do not accept the rights of others to exist and that HAMAS and Hizballah were forces that did not represent the interests of the nations in whose name they act. She saw hope, however, in the apparent understanding among some in the Arab World that Iran -- not Israel -- is the enemy, as it seeks to undermine regimes throughout the Middle East. She dismissed the argument that when a fundamentalist movement joins the political process they become moderate, saying this has not been true with Hizballah and HAMAS. She then discussed her idea for the international community to create and adopt a universal code for elections that would require all political parties to renounce violence and terror. She provided examples of Israel's Supreme Court barring a far right-wing party for its racist views, along with Spain, which she said banned a Basque party from running in elections. She noted her understanding that Iraq's new constitution included such a clause. Livni added that she thought that such a universal code could help some of the moderate Arab regimes counter radical elements in their countries. Senator Gillibrand said she would raise this issue in Congress and with the White House.

COUNTERING THE BULLY

17. (C) Livni told Sen. Gillibrand that it is a mistake to discuss Iran in terms of when that country would become a nuclear state. It is already a "bully" in the region, she explained. While many Gulf states want Iran's power checked,

they will not say so publicly nor participate in any sanctions regime. She added that if Gulf states feel that the world is not determined to stop Iran then these countries will choose appeasement. When asked to assess Russia and China's role in containing Iran, Livni said China is motivated by a potential decline in energy imports and trade with Iran, and that a key question is how to replace what China could lose if it distanced itself from Tehran. She speculated that Gulf countries' contribution to the fight against Iran could be increasing their energy and commercial trade with China. With regard to Russia, Livni said that President Medvedev and Prime Minister Putin speak of their concerns about Iran, but that there is a gap between their words and their actions in the UNSC. She added, however, that Russian leaders were pleased by the new U.S. Administration's positive posture toward Russia, which suggested to her that the climate might be right to engage Moscow on the Iran issue. Livni concluded that time is of the essence in dealing with Iran.

SYRIA AND LEBANON

18. (C) Gillibrand queried Livni on Syria's role in the region. Livni explained that Syrian President Bashar al-Asad is motivated by regime survival, and that shared strategic interests -- not religious zeal -- are behind his ties to Hizballah, HAMAS, and Iran. There are different views in Israel regarding whether or not Asad is ready to cut ties to these extremists, but it is clear he is currently playing a negative role in the region. Livni added that if a peace agreement were signed with Syria, Damascus must then not be part of "this terror axis." Livni touched only briefly on Lebanon, noting that Israel's northern neighbor is an example of a global trend of eroding state authority. Hizballah is part of the government, but it is also an armed militia that exercises authority independent of the central government, she explained. Livni said Israel should work with the U.S. and a coalition of regional moderates.

19. (U) CODEL Gillibrand has cleared this report.

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